

COST *and* MANAGEMENT

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Appraisals and Plant Records

By H. C. BAKER,

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(Before Toronto Chapter, October 16, 1929.)

I CONSIDER it an honor to be asked to address the Toronto Chapter of the Canadian Society of Cost Accountants, and a privilege to read to you this paper relating to industrial appraisals, which I have prepared.

When Mr. McKague asked me to give some information about appraisals as they are made to-day, I thought, at first, this will be easy. I have such a mass of information and data of all kinds available, that it will not take me long to write something which will be of interest to Cost Accountants. I found, however, that it was not at all easy to pick out from all the data concerning values, depreciations, forms and methods, the particular items which would be of use to anyone interested in appraisals from an accounting standpoint.

Five years ago I started out to visit every manufacturing plant in every city, town, village and hamlet in Ontario for the purpose of obtaining first-hand information about appraisals which have been made, cost-accounting systems, plant accounts and insurance. I did not try to get detailed information about these matters, I only wanted to have a general idea of what was going on.

I have covered the whole Province but I have not yet been able to visit every factory for the reason that there are always new plants starting up. The experience I have had is unique. I don't know of any one else who has had such a wonderful opportunity to go through so many of our manufacturing plants, both large and small. Processes which were mysteries to me a few years ago are now more or less common-place and quite well understood.

I found that about 60% of the factories have been appraised at one time or another. In some cases appraisals have not been made for 20 years; in some cases no appraisals have been made for 10 or 12 years, but usually an appraisal once made, is revised every four or five years.

Great Field for Cost Accountant

As for Cost-Accounting in a systematic manner as we understand it to-day, I will say that only about 20% of the manufacturing plants I have visited have any system at all. There is, therefore, a large field open for cost accountants in this Province.

I have not been fortunate enough to have had the training of an accountant; my work has been that of a construction engineer for many years, both in the United States and in Canada. I have had a lot to do with cost finding, however, as well as estimating costs from plans, time studies, etc., in the construction industry and in structural steel shops. All such work is pretty much in line with cost accounting.

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I am not going to take up your time explaining the elementary details or the mechanics of preparing appraisals. You all know, I am sure, how an inventory is taken. An appraisal is only an inventory made up in a special form which has been developed by use and experience during the past twenty-five years.

There is no monopoly in the appraisal business. There are at least sixty companies or individuals engaged in this field, profitably or otherwise, in Ontario. Many of them are located in Toronto. Some of them claim to be "The Authority in Canada on Values." I have often wondered what values they refer to. There are so many different meanings of the word value as used in business to-day. We hear of "replacement value," "sound value," "present value," "actual cash value," "depreciated value," "physical value," "for sale value," "liquidated value," etc.

Dr. Huebner, Prof. of Economics in the University of Pennsylvania, in an address delivered at Los Angeles last July, made the following statement:

"In our economic life only two types of values exist, namely, human life and property value. The life value consists of the character, industry, technical and managerial ability, power, initiative and judgment of individuals. They have heretofore been regarded as intangible, economically indefinite and difficult, if not impossible, of scientific treatment. The property values being tangible in character are therefore subjected to appraisal. Through the issue of stock, bonds, warehouse receipts, bills of lading and similar evidences of wealth, they are given perpetuity as working capital and fluidity as collateral for loans. They are also recognized as being subject to immediate or ultimate loss. Scientific use is, therefore, made, as a matter of ordinary business, of the principles governing depreciation, sinking funds and contracts of indemnity."

Two Methods of Appraisal

Property values can be determined in two ways: through the medium of appraised values or by opinion values. Appraised values are provable—opinions are not provable for they are based upon an individual's knowledge and arrived at in accordance with his individual judgment and experience. They may have the greatest accuracy but they must be accepted only on the authority of, and confidence in, the individual. As opposed to opinion value is the organization appraised value based upon scientifically accumulated historical facts. These are arrived at through the co-operative efforts of trained appraisers working with systematized cost analyses and statistics. They are subject to the checks and guidance of predetermined and tested standards of valuation and are prepared under the control and direction of an organization's concerted judgment and experience. As a consequence, such values are at once disinterested and provable in any detail and at any time.

The first step in making an appraisal which is provably right is the establishment of provable cost of reproduction, new. The reduction or analysis of property into elements which have an established market price is a prime essential to provability. There is no royal road, no short, easy route to provable cost of reproduction of a com-

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posite property such as a manufacturing plant. The property must be reduced to elements which have a market price and the quantity and price of each element, definitely ascertained. An appraisal which is provably right will have back of the stated costs of reproduction, a chain of direct evidence as to quantities and established market prices, which is irrefutable. This requires a field personnel trained to analyze property into definitely prescribed units and to describe each unit in accordance with predetermined standards to which probable unit costs will apply. Back of the field personnel a corps of cost analysts and elaborate statistical resources establishing unit costs is necessary.

The method of appraising buildings at so much per cubic foot or so much per square foot of floor area, so common a few years ago, is not now as popular as it was. This method is uncertain and may be very inaccurate. To illustrate, consider two buildings located in the same town, each of the same type of construction and of the same style; both buildings are of three stories and basement. One building is 100 ft. square and the other 50 ft. wide and 200 ft. long. Each of these buildings has the same cubic content—approximately 500,000 cu. ft. and the same floor area, about 37,500 sq. ft. Assuming the cost to be 15c per cu. ft. or about \$2 per sq. ft. of floor area, each building would be worth about \$75,000.00. If this is the correct value of the building 100 ft. square, it would be too low a value of the other building for the reason that the building 50 ft. wide x 200 ft. long would have 100 lineal feet more of wall area, more foundation walls, more footings, more windows, etc., and the cost of such a building would be about 20% higher than that of the building 100 ft. square.

Every appraisal should show the reproduction values, new, as a basis:—The percentages of accrued depreciation and the "sound" or present values. These latter values are found by deducting the accrued depreciation from the reproduction values.

Depreciation

There is more controversy and difference of opinion on the subject of depreciation than any other subject I know of.

Depreciation from an accounting standpoint is usually defined as a lessening of value due to exhaustion, wear and tear and obsolescence. I think that everyone here will admit that everything in a manufacturing plant—buildings, machinery, equipment, furniture and fixtures—is on the way to the scrap heap and it is only a question of the length of the journey. I think that you also believe that depreciation is a very important and a very definite item in the cost of production. If you do not apportion enough depreciation to the cost of manufacturing, you will be giving away, free of charge to the consumer, a part of the plant with each unit of output sold. If you include too much depreciation in costs, the selling price may be so high that competition cannot be met.

Depreciation is measured in many different ways. The most common form of measurement of exhaustion, wear and tear and obsolescence, which we call depreciation, is what is usually termed the "straight-line method." Annual straight line depreciation is determined by deducting the percentage of the salvage value from one hundred per cent. and dividing the remainder by the years of expected

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life. Assuming an adequate study of life expectancy the straight-line method will probably produce as accurate results as any other presently known method, and has the important factor of simplicity to commend it. It should be borne in mind, however, that it will not produce the actual accrued depreciation at any point except at the point of expiration. It simply provides for assuming the total loss from these destructive forces in equal annual instalments. The annual rate of depreciation is dependent on life expectancy which, in turn, depends on operating conditions, maintenance and known advances or improvements, developing in the type of property under consideration.

An interesting and simple explanation of depreciation is found in the brief recently filed before the Inter-State Commerce Commission by attorneys for the Bell Telephone interests. In discussing the purpose of depreciation as a means of equalizing the effect of property retirements so that a disproportionate burden may not fall upon the operations in any one year, the brief states: "It is the using up of property that constitutes the expense, the money measure of which for the entire period of service is the number of dollars of cost of the property, less the net salvage dollars."

It is essentially the same in this respect as if the company had on hand on January first twelve hundred tons of coal that it had bought and paid for at ten dollars per ton and would use up during the year, one hundred tons a month. The expense for coal would be \$1,000 each month, and should be so reflected in the expense account for each month. The fact that the entire \$12,000 was paid in advance of use won't alter the accounting if it is to be strictly correct.

It is to be noted in this respect that the accounting for depreciation is no different. The company buys and pays for its property in advance, and then uses it up, and its accounts should reflect the expense currently as it is used up. There seems to be an underlying assumption in the question that if there were no depreciation reserves the entire cost of the property would be charged as an expense at the time of its retirement at the end of its useful life, whereas it would seem more equitable to charge it all at the beginning of its life.

In the case of the coal, if the expense is not distributed it will naturally be charged when bought and paid for. The question might, therefore, more properly refer to equalizing the effect of property purchases than of property retirements. Of course, the expense should be distributed in equal increments throughout the life of the property, for that is when and how it occurs. The depreciation reserve account is merely a part of the accounting mechanism for making a correct record of the facts.

Obsolescence

Never in business or appraisal history has a single subject occupied our attention and study as obsolescence does at the present time. While obsolescence is the salvation of sales organization, it is and should be the nightmare of property owners. A magazine called "CONNECTICUT INDUSTRY", issue of last August, carries an article by John V. Montague, Comptroller, Scoville Manufacturing Company,

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entitled "OBsolescence—IS IT A CURE FOR OVER-PRODUCTION?" This is one of the clearest expositions of the subject which we have seen. As it is, we ask several of the common questions in reference to obsolescence and we give Mr. Montague's answers.

1. What is depreciation?

Obsolescence and deterioration, taken together, constitute depreciation.

2. What is obsolescence?

Shrinkage in worth or value of some mechanical thing induced by changes in styles, developments in the arts or in some particular art, mechanical inventions—something outside of the thing itself which cannot be charged as a fault in its construction or a weakness in its operation. Or—

The unexpected and unforeseen manifestations of unknown and invisible forces intrusively nullifying the worth or value of existing plants as distinguished from the consumption of that worth or value by wear or physical deterioration caused by use.

3. What is the economic cause and result of obsolescence?

Progress demands change, and obsolescence is simply the registration of change.

It is the price of progress, the living cost of business.

It scraps factories and builds new ones. It demolishes a business and creates another. It makes bankrupts and millionaires.

4. How should the manufacturer protect himself against obsolescence?

By withholding profits to provide for replacements, and further protection by withholding more profits to provide for contingency of obsolescence, is just as important for continued business life as are the duties imposed in Customs Houses. Appropriate some profits for the inevitableness of obsolescence.

5. How does obsolescence affect the profit and loss statement?

Plant investment is nothing more than deferred operating cost awaiting a chance to find its way as a part of the cost of the products issuing from the plant. Without the protection of adequate reserves, obsolescence may be as destructive as a disastrous fire. With such reserves, providing the means of accepting and taking advantage of opportunities, it may be as profitable as the discovery of the Comstock Lode.

Here is something more about obsolescence. In one of the larger plants in Ontario there is an Ingersoll-Rand Compressor Unit which cost \$8,000 about 16 years ago. It is now obsolete, i.e., this particular kind of machine is no longer manufactured, but it is still in use and giving satisfactory service. The cost of replacing this compressor unit with modern equipment of equal capacity would be \$12,000.00. The owner of the machine wanted to know the correct value for insurance coverage and for the plant accounts, and also if an amount should be included in the accrued depreciation for obsolescence. The matter was gone into very carefully and it was found that in this specific case it would be unwise to carry excessive insurance on an obsolete machine. It is believed that the basis of value should be the cost of reproduction of a modern unit which, in the instance mentioned, would be about \$12,000.00 The actual physical depreciation due

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to wear and tear may amount to only 25%, but as the old machine is recognized as obsolete by the owner, the amount of obsolescence might be measured by the proportion of production obtained from this obsolete unit in relation to production from the modern unit. This might readily amount to 50% if the production of the obsolete unit is only one-half that of the modern unit. There would, therefore, be a total depreciation, due to physical condition and obsolescence, of 75%. On this basis the sound value of the obsolete unit in question would be \$3,000.00 and this would likewise represent the insurable value.

Importance of Costing

To know manufacturing costs is one of the most important things in industry to-day. Beyond any question, an accurate knowledge of production costs is the centre and circumference of success in many manufacturing businesses. It has a vital bearing on the success of all manufacturing. Particularly is this true now when business has settled down to keen competition, and definite and accurate information about costs is vitally necessary. In any industry there is usually at least one manufacturer who is known as a price-cutter, but, if the facts were known, it frequently means that this manufacturer knows his costs and is not making an otherwise profitable product carry an overhead load of unprofitable ones. Fighting overhead is industry's greatest indoor sport and the most baffling. It is a losing fight with many because they haven't the facilities for locating it, isolating it, breaking it down into units. The first step in any overhead fight is a departmental appraisal. We have seen many attempts to start and operate cost systems without such an appraisal, but in no case that we know of has the attempt been successful.

When one thinks of a departmental appraisal in connection with a cost system, he frequently thinks only in terms of depreciation charges. A departmental appraisal, of course, does furnish essential information on departmental depreciations, and depreciation is a vitally important cost factor. But depreciation is only one of many overhead cost elements which a departmental appraisal enables the cost accountant to definitely allocate. A few of them are power, heat, light, insurance, taxes, interest and other overhead factors which have to do with property.

There have been made in Toronto and some of the other larger cities in Ontario, a number of departmental appraisals for the larger industries. The procedure has been to have the value of the land with improvements, the buildings and other outside structures, and the building services consisting of the heating, lighting, plumbing and sprinkler systems, and elevators, allocated to the different departments according to the area of floor space occupied. Each machine unit is numbered, as well as the units of furniture, fixtures and equipment used in the offices, warehouses and factory, and in some cases the dies, jigs, patterns and tools are numbered. Forms are designed on which is shown all of the necessary data as given in the appraisal and through the medium of which the appraised value can be tied in with the general accounting system. In 1925, Prof. T. H. Sanders,

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of the Harvard Graduate School of Business Administration, read a most interesting paper before the National Association of Cost Accountants. He sent out a questionnaire to 17 of the most progressive manufacturing plants in the United States and received answers from 14 of them. He also received copies of many of the forms used by these manufacturers for keeping plant accounts and other related data. These forms are illustrated in the 1925 year book of the National Association of Cost Accountants, and they will be of interest to any Cost Accountant confronted with this problem. On the table you will find a set of forms developed by the American Appraisal Company and used extensively by some of the largest industries in the United States. If any of you would like to have a set of these forms, I will be pleased to mail them to you.

The forms of presentation of appraisal findings are multitudinous. The merit of each depends upon its adequacy for meeting specific requirements. As a matter of fact, the day of the so-called "standard" appraisal is passing. An appraisal compilation which might answer in one instance might have but limited utility in some other instances.

Causes of Difficulty

A Canadian, W. J. Shibley, of the Bankers Trust Company of New York, was here not long ago, and he addressed the Hamilton Chamber of Commerce and other associations in Ontario. Mr. Shibley has had a lot of experience in re-organizing corporations which were not profitable, and he has been very successful in this field. Mr. Shibley said that, in analyzing the condition of several unsuccessful corporations with which he was particularly concerned, he learned that the reasons why they had become so seriously involved were:

1. Uncontrolled executive management and uncontrolled departmental operations.
2. Manufacturing operations based on current business outlook and not on systematic sales analysis leading to conservative forecasting.
3. Inventories excessive in amount, unbalanced and not co-ordinated with the operating schedule.
4. Working capital represented in excessive proportion by an unliquid inventory and procured in greater part by short time banking accommodation.
5. Construction of new factories paid for out of short time loans and not from the sale of stock.
6. Cost systems in which overhead was treated as a fixed percentage of direct labor cost and which did not tie into the balance sheet and monthly operating statements.
7. Too much trusting to luck and too little to intelligent forward planning.
8. Lack of balance between the several departments of the business.
9. Dividends paid from the proceeds of borrowed capital.

You will say at once that no industrial enterprise could hope to succeed on any such basis of management and operation. It can only be said in reply that many such businesses are struggling along today

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thus handicapped and they will continue afloat until a financial or industrial squall comes, and then go down. The sea floor of the industrial ocean is strewn with such wrecks.

A Programme for Improvement

Having learned the causes of industrial failure, it did not require more than commonplace intelligence and ordinary common sense to draft a constructive programme of rehabilitation, which should demand the following essentials:

1. Executive management directed to base its production schedule on a sales forecast arrived at after comprehensive analysis of sales possibilities for the manufactured products in each sales zone.
2. Inventories balanced to current productive requirements.
3. Working capital liquid in quality and sufficient in amount to provide for the cash requirements of the production schedule and the sales forecast.
4. A cost system checked monthly with the operating statement and harmonized with the percentage of profit shown in such statements.
5. Departmental operations controlled by the production schedule and the sales forecast.
6. New construction paid for only from earnings in excess of working capital requirements or from new capital provided by shareholders.
7. No cash dividends impairing current working capital.
8. Monthly comparison as between actual performance and operating costs as forecast.
9. Monthly correction and revision of the forecast.

As a result of the continued development of the science of appraising, the appraisal of today is a systematically arranged statement of what and where property is, what it cost, what it's worth, whether it is increasing or decreasing in value, how fast and why.

It demands a highly specialized medium for the accumulation, classification and testing of a great mass of statistical data unavailable to those who lack the facilities for this research. The appraisal does not see in a given building a value of so and so many dollars, but rather a combination of so many thousand brick at so much per thousand, of a certain quantity of lumber at a certain price per board foot, of a determinable amount of labor at a definite rate per hour. As a consequence of this analytic method, the appraisal organization must have at its finger tips tested and proven data on every element entering into the value of property.

It must be disinterested. There is no implication of insufficiency or dishonesty in the banker's request for an outside appraisal or an independent audit, or in the court's subpoena of the "expert witness". These are but common evidences of the need for specialization and the realization that the average concern engaged in manufacturing cannot also be as positive in accounting or appraising. In the matter of values, the owner's opinion must be influenced by his very ownership, just as the buyer's estimate tends to be reduced by his desire to secure a "good buy". The judge of values must be one who is

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equipped to measure them with the same scientific disinterestedness and precision as the thermometer measures temperature.

Book values are not necessarily the same as appraised sound values, and as a consequence they are not usually true values. It is customary for books to show actual costs, less depreciation determined either logically or arbitrarily. They do not, therefore, reveal the effect upon property values of price fluctuations, a force which doubled and even trebled values during the war and the post-war days of readjustment.

Discrepancies In Accounts

Books may be out of line with the facts, as evidenced by the properties themselves, for other reasons than that of price change. A few of the more prevalent of these conditions leading to a divergence of the accounts from the facts are:

1. Capital expenses may have been charged to expense, and vice versa.
2. Depreciation may have been determined arbitrarily in accordance with some preconceived policy, resulting in an excessive, insufficient or erratic charge.
3. There may have been a failure to discriminate between renewals and those minor repair charges which should have been absorbed in depreciation.
4. There may have been a failure to include all costs involved in plant construction, maintenance, or additions, particularly where some or all of the work was performed by regularly employed plant labor.
5. The properties may have been enlarged, revamped and changed in such a manner as to lose correct record of the original investment.
6. Earnings may have been put into the properties without proper analysis.
7. Development costs may not have been properly capitalized.
8. Original records may have been lost.

Any one or all of these conditions make of your books an incomplete record of your properties, to say nothing of their current value. Any one of these conditions is likely to prevail in the most carefully managed business. Not long ago, for instance, an appraisal uncovered several million dollars in unrecorded assets for one large concern. It is just as logical to count up property dollars periodically through the medium of an appraisal as it is to count up currency dollars through the medium of an audit. The appraisal stands in the same relation to property dollars that a cash book and ledger do to currency dollars. The appraisal is today recognized as a basis for and necessary adjunct to correct property accounting. It is a scientific check by which are brought to light past inaccuracies and omissions, and it serves as a continuous measure of change to assist in the intelligent maintenance of property records.

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What Plant Accounts Should Show

Complete plant accounts will show for the properties:

1. Their cost.
2. Their deterioration as expressed in depreciation deductions.
3. Their improvement as shown by expenditures upon them.
4. Their relation one to another as functioning parts of a business.
5. Their value.

A conception of the importance of appraisals as applied to accounting can best be obtained by considering them in connection with the establishment of accounts upon the completion of a new plant. There has been spent, say, a million dollars on plant property, which must now be distributed to the various accounts, if these are to be accurate reflections of the properties they are designed to record. But reference to the records amassed during construction offers no evidence of how this distribution is to be made. There are bills for brick, bills for steel, for labor, for lumber, glass, piping, for contractor's charges, engineer's and architect's fees, and many other items. It is known that it is good accounting practice to group all land improvements under the general account of land; among other things, this ought to include the grading, but this is usually done as a part of the excavation for buildings performed on contract. Certain fixtures should go into the building account, others to machinery. If the accounts are to be relied upon to build themselves, there must be a tremendous amount of estimating, with the danger and uncertainty of starting off wrong at the very outset.

The only solution to this dilemma is to have an appraisal which inspects and classifies each item of property, assigning it (with a proper valuation) to the logical account. This appraisal will not only give you this essential distribution, but it will serve as a test of values obtained through your expenditures. For instance, if a particularly auspicious contract was arranged, through which you secured certain construction or equipment at a bargain, the appraisal increases this to its fair value for insurance or general purposes. If, on the other hand, any extravagance creeps in, the future operation of the plant is not penalized by carrying charges, insurance, etc., based upon an inflated value.

The moment you start operations, your plant begins to change and to suffer the inevitable effects of depreciation. Accounts which have been set up without a complete appraisal as a basis offer no accurate or detailed information for making adjustments due to transfer or removal of units of machinery or equipment, or other changes which affect the value of total accounts, and as a result the accounts rapidly diverge from the truth. Suppose, for instance, that a machine is scrapped. Possibly you can ascertain its cost from the original invoice, but what becomes of the very real investment made in the freight on that machine, in the installation charges, the machine foundation and the equipment which goes with that particular machine? Nowhere is that data available. With an appraisal, however, all of this information is clearly segregated and tabulated so that any

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change can be made on the books to conform with the physical change in the property.

It will be readily seen that in a plant which has been in operation for some years, an appraisal provides the means for re-establishing the accounts in accordance with facts as they are, in order that future records may be carried forward intelligently and in strict accordance with the properties.

Some Points About Appraisals

Buildings originally constructed for one purpose and later converted to other usage frequently present special appraisal problems. Converted breweries are outstanding examples of this. The following paragraph in an insurance rider recently brought to our attention suggests how this is usually handled:

"The buildings herein described were intended and were formerly used, in whole or in part, for brewery purposes, and wall thicknesses were designed for that occupancy. The present occupancy of this property not requiring the same heavy type of construction necessary to a brewery, and an appraisal of this property having been made, based on standard walls necessary for the present occupancy, it is a further condition of this insurance that, for purposes of co-insurance, values shall be based on standard walls necessary to the present occupancy as set forth in the appraisal hereinbefore mentioned."

Converted buildings, if of too heavy or too light construction for their present occupancy, should be and are usually appraised to show the values of the buildings designed in a manner suitable to the industry by which they are being used, and such appraisals would be suitable for cost accounting purposes.

Sometimes an appraiser is called upon to make a valuation of a building and the land on which it is erected on the basis of income.

The essential steps in the process can be indicated by an illustration. Assume an old building which is producing an annual gross income of \$40,000. The appraiser first makes an estimate of the value of the site as though it were vacant and ascribes a value to it. In this case he finds its value by comparison to be \$100,000. He then selects from the operating statements of the building the typical annual expense items and finds that all operating expenses, taxes and other deductions, without including interest or depreciation and obsolescence, amount to \$18,000 per year. Making the assumption that a fair return on the value of the land is 6 per cent, or \$6,000, he is able to show that there is \$16,000 per year remaining after the above deductions and a fair return on the ground value have been paid:

Gross Income	\$40,000
Return on Land	\$6,000
Expenses, Taxes	18,000
	<hr/>
	24,000
Residue	<hr/>
	\$16,000

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This residue is the return on the building, without deduction for depreciation and obsolescence. The annual charge for depreciation and obsolescence under this method requires an estimate of remaining useful life of the structure and an estimate of the cost of reproducing the building. If in this case the remaining useful life of the structure is estimated at twenty years, and the cost of reproducing the structure is estimated at \$200,000, the direct amortization of the building (structural value) within the twenty years requires an annual charge of \$10,000. Thus:

The Residue	\$15,000 yearly
Amortization	10,000 yearly

Interest on Building	\$5,000 yearly
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The \$5,000 is the clear return on the building, and the value of the building is then found directly by capitalizing. If a fair return on building values is 8%, then the value of this building would be \$5,000 divided by .08, or \$62,500.

The total accrued depreciation and obsolescence is then found by taking the difference between the reproduction value of the building and its market value as found above:

Reproduction Value of Building	\$200,000
Market Value of Building	62,500

Accrued Depreciation and Obsolescence....	\$137,500
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The total value of such a property is found by summation, inasmuch as no improved value exists.

Value of the Building	\$62,500
Value of the Land	100,000

Value of Property	\$162,500
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An appraiser in Canada is not protected by any association or by law. There are no definite standards set up for his guidance. Anyone can make an appraisal—no license is required.

In England, however, quite recently an English Court ruled that a client may recover loss due to inaccurate valuation.

The professional appraiser of real property is, in English law, financially responsible for loss sustained by his client through his carelessness or incompetency in making a valuation, according to a series of recent English Court decisions.

No Guarantee of Value

The valuer, of course, does not guarantee that the property he has been asked to pass judgment upon will sell for the amount of the valuation he places upon it, nor is he responsible for unexpected turns which may affect its value. The language of the English decisions makes this clear. But the principal laid down by the English Courts goes beyond the ordinary statutes relating to fraud. It holds that the man who offers his services as a trained appraiser is responsible for the bona fides with which that service is undertaken and carried out.

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Extent of money damages, in case of misappraisal, is determined by the principle of assessing, so far as can be assessed, in money value, the sum necessary to place the client in a position as favorable as he would have occupied had the valuer used due skill and care in arriving at his advice.

Even where acting gratuitously, the valuer, in English court principle, is responsible in the same manner as if he had received a fee, it being considered that he is bound to respect the confidence reposed in him, and the "gratuitous" service is rendered to his client for a consideration, although that consideration may be expressed in terms other than those of monetary award.

The decisions quoted have been made notwithstanding the entire absence of specific legislative provision. They have been based on the common-law recognition of good faith as the touchstone of an honorable business transaction.

The first appraisal or valuation of which there is any record was made in England in the reign of William the Conqueror and was completed at Michaelmas in the year 1086—more than 840 years ago. This work is known as the "Domesday Book". There are two "Domesday" volumes—the large book and the small book, both written in a form of contracted Latin, with Saxon and Norman terms, used to signify measure. London and many other towns were not included in "Domesday".

The field work was done by William the Conqueror's commissioners or officers of the survey.

A questionnaire was sent to the land-owners, worded as follows:

1. What is the name of the mansion?
2. Who held it in the time of King Edward?
3. Who now holds it?
4. How many hides are there?
5. How many teams—in demesne—of the tenants?
6. How many villeins—bordars—slaves?
7. How many freemen sokemen?
8. How much woods—meadow—pasture? How many mills?
How many fisheries?
9. How much has been added or taken away?
10. How much was the whole worth? How much is it worth now?
11. How much had or has each freeman or sokeman there?
All this is to be given in triplicate; that is in the time of King Edward, when King William gave it, and at the present time.
12. And if more can be had than is had?

The officers went into the town of the Shire and the County, called together the great shire moot and the county court, and read the Royal Writ, clothing them with authority. The Sheriffs attended, officers of the King's own lands, the barons who held their lands direct from the King, and their French sub-tenants; all those who owed suit to the hundred moot, and the priest, the reeve and six villeins from every vill, and these, upon oath, gave the information the commissioners required. A jury was empanelled to take the evidence.

Ostensibly Domesday is a taxing book.

Another interesting appraisal which has been going on for some years is that of the American railroads. This work was started about

APPRAISALS AND PLANT RECORDS

16 years ago and is still going on. The first estimate of the cost of the appraisal was \$5,000,000; one-half to be paid by the Government and one-half by the railroads. To date the work has cost \$150,000,000, and is not yet finished.

Some forms which accompany Mr. Baker's address are given herewith.

[illegible]

COST AND MANAGEMENT

Form 1

ASSET RECORD (Buildings)

Asset No.....

Building No.

Appraisal Value.....

Description

Location

Architect

Engineer

Contractor

Started Construction

Completed

Commenced Manf'g

Architect's Commission

COST
(Detail
on
Other Side)

SUMMARY OF IMPROVEMENTS AND ADDITIONS
Month Year Cost

DEPRECIATION Mo. Day Yr. Rate Cost Basis ASSESSED VALUE Year Value

Reserve

Started

Changed

APPRAISALS AND PLANT RECORDS

PROPERTY RECORD

Form 2

Appraisal Bldg. No.....

Our Bldg. No.

Appraisal Mach. No.....

Our Mach. No.....

Department.....

Description

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[illegible]

Vol.....Page.....

Depreciation: Sustained %..... Annual Rate %..... Annual Amount \$.....

Annual Rate % Annual Amount \$.....

COST

DEPRECIATION

Date _____

Description

Amount

Date _____

Description

Amount

COST AND MANAGEMENT

Form 3

PROPERTY RECORD

Card No.....

Plant:.....

Dep't.....

Account.....

Machine No.....

Description:

Mfrs No.....

Location: Building
Floor,.....

Vol.....Page.....

Depreciation

H. P.

H. P.

Appraisal Ref: Classification.....

Sustained %.....

Annual Rate %.....

Annual Amount \$.....

Remarks

COST

DEPRECIATION

Date	Item	Amount	Sustained	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
\$													

Totals

Total Depreciation to date

Reverse side of Property Record Card

MISCELLANEOUS DATA

Purchased From

Date Installed

Date Remodeled

Equipment

COST

AMOUNT

Price

Frt. & Drayage.....

Erecting

Belting

Total

Amount

Date

Amount

Date

Amount

Date

APPRAISALS AND PLANT RECORDS

Form 5 PLANT AND EQUIPMENT RECORD

Classification:	Location:
Manufactured by:	Floor:
Account:	Department:
Appraisal Date:	Appraisal Number:
Annual Rate of Depreciation:	
Description	Cost of Reproduction Sound Value

APPRAISED VALUES

Date	Cost of Reproduction	Accrued Depr'n	Sound Value	Insurable Value
	Description		Dept.	Plant Building

Reverse side of Plant and Equipment Record

BOOK VALUES

Date	Ref.	Additions Debit	Deductions Credit	Cost of Reproduction	Accrued Depr'n	Net Book Values
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COST AND MANAGEMENT

Form 6

ITEM

SHEET No.

DESCRIPTION

Classification Location Department

Appraisal No. Date of Purchase Annual Rate of Depreciation

DEPRECIATION

REPAIRS

ITEM Date Amount Date Amount Date Monthly Balance

APPRAISALS AND PLANT RECORDS

Form 7

Nos. of Motors and other Numbered Aux. Equipment		Group No.	Used by Dept. Nos.	Class Numbers	Location No.	Serial No.
Manufactured by					Manufacturer's No.	
Purchased from					Order Date	Order No.
Plant					Appraisal Date	
Description						
<i>Reverse side</i>						
Date	Reference	Constr. Acct. No.	Class No.	Cost or Book Value		

COST AND MANAGEMENT

Form 8

CAPITAL EXPENDITURES

[illegible]

DEPRECIATION AND REPAIRS

[illegible]

Reverse side

Building No.	Floor No.	Dept. No.	Cost of Repro.	Sound Value
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APPRAISALS AND PLANT RECORDS

Form 9

September 1, 1927

Appraisal Classification	Department	Location
SW1 -	Mch. No.	Cost of Repro.
		Sound Value

APPRAISED VALUE

Date	Cost of Repro.	Rate	Accrued Depr.	Sound Value	Insurable Value	Remarks

BOOK VALUE

Date	Ref.	Actual Cost	Rate	Reserve For Dep.	Net Book Value	Remarks

CHAPTER NOTES

WINNIPEG

Thos. E. Saul, C.A., Secretary.

The fifth meeting of the 1929-30 season of the Winnipeg Chapter, Canadian Society of Cost Accountants, was held on Monday, January 20th, at the Marlborough Hotel at 6.30 p.m. The Chairman, Mr. Mundell, brought forward the suggestion that had been made by some of our members that these meetings be held at 6 o'clock, instead of 6.30, and on taking a vote it was unanimously decided that this change be made.

Mr. Mundell, on behalf of the Society, welcomed Mr. Burleigh back to our meetings after his long sickness.

Mr. Logan then introduced Mr. Arnold Smith, of the International Laboratories Limited, whose topic was "Cost Accounting in the Paint and Varnish Business". Mr. Smith gave a most interesting address, referring to the romance of the paint and varnish business, pointing out how the aniline dyes were extracted from coal tar, which, in turn, was extracted from coal. He stated that French scientists had lately brought forth the theory that these colors were originally the colors of the flowers that bloomed and died some thousands of years ago. In his particular business, too, the raw materials were gathered from all the ends of the earth, which lent interest to the business. He stated that all business starts first in a man's mind. He first decides what he shall make, and then he scours the world for the raw materials with which to make his product. In the paint business, these raw materials had to undergo a great deal of testing, since the same product varied in a large degree according to the harvest, the weather and other circumstances.

Dealing with the cost accounts of the business, he went on to point out the difficulty of getting accurate costs, as there were so many items that could enter in to upset calculations. There was natural wastage, carelessness of employees, and finally evaporation, which, in the case of fossilized gum, amounted in some cases to 40%, but varying considerably. He referred back to twenty-five years ago, when costing was first attempted, but no tie-up was made between the cost accounts and the regular accounting system. In those days it bred nothing but antagonism between the cost accountant, the general accountant and the factory. In his opinion, no system was of any use unless it was part of the general books and made to thoroughly tie up. The Paint Manufacturers' Association had worked out a most comprehensive system, which he had attempted to use, but had

CHAPTER NOTES

come to the conclusion that while it might be of great use to a large and old established firm, it was not practical in its entirety to a young and growing firm such as he represented. He mentioned one instance, a few years ago, where by using this system of standard costs for the various processes, his on-costs showed a profit of some \$37,000.00, and asked the question, how he was going to price his inventory in view of these facts. He had finally come to the conclusion that the only way to cost his sales was to use purely the cost of the raw materials and add a percentage, learnt from experience, to that cost for the purpose of finding out whether he was making a profit or not. In his particular line the selling and advertising expenses were more than the cost of running the whole factory, but there were certain industries to which they sold which needed practically no advertising or no selling and, of course, to them they could quote a cheaper price than to the ordinary retail merchant. At any rate, he brought out the fact that the selling prices were invariably set by the competitors and, since practically all the raw materials were purchased in the world's open market, he knew that he could buy these at the same price as his largest competitor. In costing out specific invoices, a standard cost was set for raw materials and fluctuations were taken care of by an adjustment account. One interesting side-line that Mr. Smith brought out was that in his opinion the moral rating of a debtor was far more important than the rating given by a mercantile agency, and to support his view he pointed out that in the ten years in which he had been with his present concern, their bad debts for the total period amounted to less than \$1,000.00

At the close of his address numerous questions were asked, which Mr. Smith very ably answered. Mr. Morden proposed a vote of thanks.

Following the main speaker, Mr. McVey brought out a number of points in an article which appeared in *Cost and Management on the Control of Raw Materials*, and a general discussion, which lasted for some time, took place.

HAMILTON

A. J. Mouncey, Secretary.

Hamilton Chapter's meeting on January 17th was a double-barrelled event. The address of Col. R. R. Thompson, and the film shown through the courtesy of Durant Motors of Canada, Limited, made the evening full and enjoyable.

Col. Thompson, who is professor of accounting in McGill University and president of our Society this year, gave a few words on the work of the Society, and then gave a paper on "Launching a New Industry", in which he discussed a large number of points which have to be considered in locating and starting a new enterprise.

The film showed plant operations of Durant Motors at Leaside, Ont., and A. Blake, for the company, also gave a description of the operations.

COST AND MANAGEMENT

MONTREAL

D. R. Patton, C.A., Secretary.

1930 opened in Montreal most enjoyably. The turn-out of members at the opening meeting of January 23rd was not bad for the "busy" season, and included several new members to our Chapter. Our genial "Vice"-Chairman, C. E. Whitten, was master of ceremonies, and ushered in the New Year with a few appropriate remarks.

Mr. Valmore Gratton, B.A., L.ScC., statistical engineer of the Northern Electric Company, Limited, commenced the evening with a paper on "Business and Statistical Methods". Mr. Gratton was a speaker to our Chapter last year and his familiarity with figures, simple and complex, so delighted and confused our members that he was immediately booked for a return engagement. His continuation of the statistical topic carried us to the analysis of business conditions through the statistician's functions of historian and prophet. Business history was studied, tabulated and set up in graphical form. This study might cover simply the sales or profits of one particular enterprise, of this enterprise and its immediate opposition, or each of these items might be set up in comparison with prices or index numbers, with population, with the business secured by competitors, etc.

The "eventual" was determined by the extension of the "historical" curve and normal conditions could usually be forecast fairly satisfactorily.

Mr. Gratton kindly consented to delve still more deeply into this particular section of statistics and to prepare an enlarged paper for publication in "Cost and Management".

Professor R. R. Thompson, M.C., V.D., A.C.A., C.A., popular president of our Society, was formally introduced to the Montreal Chapter as our "Big Chief". In that capacity, he gave us a glowing account of the welcome accorded to him by the Ontario Chapters on his recent visit to them, and conveyed from them their hearty good wishes to the Montreal Chapter.

His paper, "Launching a New Industry," dealt with the main problems which have confronted industrialists in the past, and which must be overcome in the inevitable expansion of the future.

In planning the establishment of any particular manufacturing enterprise, careful consideration must be given to:

1. The Market—

- (a) The present demand;
- (b) The future or potential demand;
- (c) Competition;
- (d) Comparative steadiness.

2. The Building Problem—

- (a) The location of the plant—in its relation to the markets, labour, transportation, supply of raw materials, presently available buildings, supply and cost of power, heating and climate;
- (b) Machinery;
- (c) The planning of the buildings and organization of the plant.

3. The scale on which the business is to commence.

4. The capital necessary.

5. The estimate of current expenditures, the necessary sales, and the possibility of sufficient markets.

CHAPTER NOTES

The speaker stressed the advantages of securing the best for the manufacturing processes—the highest quality of raw material, the most advanced type of machinery, and the most efficient labor.

However, Professor Thompson said "get away" with all of his statements without opposition. H. S. Klein held him up on "knitting needles", and H. K. S. Hemming on the labour problem and the comparative advantages of rural communities.

Professor Thompson, by his trip to the Chapters of Toronto, Hamilton and Kitchener, has completed a Dominion-wide tour of our Society in his capacity as president, and he speaks with enthusiasm of the good work being carried on and the possibilities of continued expansion.

TORONTO

H. J. McQuillan, Secretary.

January 15, 1930:—

Way back about two generations of Cost Accountants ago, a lone visitor invaded a congregation of business men, found in a mysterious parlour on Yonge Street. He carried away a few impressions—that is all that he could get. His conscious mind (that part which is said to govern our senses) impelled him again to the same Outpost of Business. It seemed to be a sort of bar parlour, divided, and yet not divided—a place of chairs and tables, smoking stands, and smoke from smouldering tobacco. The tobacco burned, but was not proffered. The visitor turned away, tantalized by the fragrant fumes. Yet again he floated up the golden staircase (golden because silent) and trod the magic carpet of the Listening Post. By now the conscious mind had passed on to the subconscious mind (that division which tells us when to start and stop breathing, eating, and other minor activities) the sum of these impressions as one grand and glorious meeting.

Fumes, visible and invisible, from multitudes of tobacco instruments filled the parlour. The only sounds were the gentle clashings of the smoke screen, which seemed to clang "Costs! Costs! Costs!" Above and beyond the mists emerged one in glorious habiliments of lily-white waistcoat and blackest-black surcoat. This gentleman, known as Mr. Chairman, was proceeding to or retreating from one wedding which necessitated light armour. Another gentleman arose from the pit. Fond friends desired to accompany him home—to Montreal and nectar, to Montreal, a land glowing and flowing.

So, a little while ago, we welcomed another gentleman from Montreal—our president, Colonel R. R. Thompson, M.C., V.D., A.C.A., C.A. Colonel Thompson told of opportunities grasped by the Montreal Chapter, and showed in an attractive way how other Chapters may make use of similar conditions.

Back again into dark unconsciousness went the lone visitor's mind. It recalled a spiritual rather than a physical feature of the Bar Parlour, an ineffable air of strength and worth which charged the fumes over the heads of the congregated cost men. Never through long years had the combined conscious, subconscious and unconscious departments analyzed this elemental element of the parlour and its denizens. But the key to the secret was found in an address at this 1930 gathering: "The structure of industry depends on cost accountants"

COST AND MANAGEMENT

Development of Canada's export trade was urged by Mr. G. A. Peters, C.A., Gordon Peters & Company, and Mr. J. E. Carruthers, Durant Motors of Canada.

Now the modern meeting would present a picture, and then the ancient forum would appear and intrude whisperings and bellowings of caustic comment, belligerent attitudes, but withal a kindly, critical culture. When upon one of his twenty planes, a conversation something like this was recorded: "I understand that the basis of the export business is to find some country sufficiently ignorant of costs to buy our products. Then we sell same products at a loss, rather than let him (the foreigner) learn the true costs of the articles and thereby enter into competition with the Canadian producer." As from a great distance, through an infinitude of space, came a rejoinder whose content was something similar to the following: "Weather and climatic conditions probably being beneath the notice of some business organizations, let it be remarked that when we are buying furnace fuel oil here, the Australian is buying gasoline and ice-cream cones. So, in order to pay for the fuel oil, we send the Australian motor vehicles to use up the petrol he is determined to buy, and to carry the ice cream cones from desert to desert.

At this meeting, Mr. Jas. Turner, C.A., and R. R. Thompson, C.A., expressed the regrets of the Society, and of Toronto Chapter in particular, at the death of R. S. Smith, a former secretary and treasurer of Toronto Chapter, and also secretary for one year for the Dominion Board. Mr. Smith was one of those who worked hard in the development of the Society in its earlier years.

January 29, 1930:—

"Cost Accountants, as a rule, are far ahead of the average executive" is part of a paragraph in an article in volume one of "Cost and Management".

Mr. H. M. Ross, of Mercury Mills, Limited, told Toronto Chapter that cost accountants had failed by not keeping in step with the executive. One may suspect that former accounting practise may have been similar to that of a certain medical man. A medical student, on his return from a Northern Ontario town, reported that fifty per cent. of the pills he dispensed had the medicinal value of two properties—brown bread and Epsom salts. If the patient had sufficient faith in the doctor or the pills, his imagined ills would be cured. This was part of the theory. Another part was the use of strange names for the imaginary maladies. When members of the accounting family prepare statements, Mr. Ross urges that they be simple, like the pills—not what the accountant thinks, but what the recipient wants, and in terms and form suited to the man who needs the information.

Some members could not wait until the close of the meeting to tell Mr. Ross how much his address was appreciated.

Mr. W. F. Putt, Steel Company of Canada, Ltd., devoted his address to the viewpoint of the works manager on costs. Mr. Putt, and Mr. H. A. Shiach, F.C.A., treasurer of the Chapter, stated that they were glad to curtail their remarks in order to allow discussion.

To Mr. Shiach we are indebted in that he exercised his persuasive powers so effectively, resulting in Mr. Ross' visit.

Just as the score does not at times indicate the game, so the reports do not indicate the value of the meetings. Your Society is often next door to a man who needs it, but he may never know of the fact unless "you tell him".

CHAPTER NOTES

CENTRAL ONTARIO

C. J. Heimrich, Secretary.

Attendance at the January 16th meeting of Central Ontario Chapter was smaller than usual, because the weather was severe and because the month of January bears heavily on all who are engaged in accounting work. The speaker of the evening was the president of our Society, Col. R. R. Thompson, C.A., of McGill University. In his address, entitled "Launching a New Industry", Col. Thompson analyzed the principal factors in location of plant and various other points which have to be considered. This address is to be printed in Cost and Management, so we need not describe it in detail. It should form a useful part of the Society's literature.

The next meeting of the Chapter is to be held in Kitchener on February 13th. The speaker will be H. F. Wilson, of Wilson & Fessenden, Kitchener. In previous years Mr. Wilson has addressed meetings of the Society in Toronto and Hamilton, and on the formation of Central Ontario Chapter he became a member. As an industrial engineer of broad experience he should have many valuable pointers for the cost accountant.

Consecutive Paging in Cost and Management

Pages in Cost and Management are being numbered consecutively during the current year. This is for the convenience of members who have our publication bound in annual volumes.

DIRECTORS' MEETING HELD IN TORONTO

A MEETING of the directors of the Society was held in Toronto on January 18th. The president and the Chapter chairmen were appointed a committee to consider means of making the Society more definitely useful to industrial engineers and others engaged in actual production work, and to consider, if deemed advisable, a change in the name of the Society with that object. At the present time, men of this type are admitted to the Society, and many of them find it of value, as cost accounting and industrial management are closely related.

Col. R. R. Thompson, president, and W. A. McKague, general secretary, reported that they had discussed the membership fees with the Chapter directors, personally or by letter. The opinion appeared to be practically unanimous that the present fees should be retained and any surplus revenue used to make the Society more helpful to its members. Accordingly, the board decided to leave the fees as they stand for another year. The Society is now in a fairly good financial condition. In view of many requests now being received for cost literature, the central reference library is being enlarged and indexed, so that this department should be much more useful to members during the coming year.

COST AND MANAGEMENT

STANDARD COST ACCOUNTING IN THE TEXTILE INDUSTRY

IN a speech recently delivered by Mr. Hugh S. Ross, Chairman of the Linen Trade Delegation, on its return to Great Britain from a visit to America and Canada, and reported in *The Cost Accountant*, special reference was made to the need for standard cost accounting, standardization for the elimination of waste in manufacturing and the elimination of waste in distribution. "If these recommendations," he declared with conviction, "find general acceptance in the trade, many of the present troubles which cause fierce and unnecessary competition, overlapping in qualities and sizes, the carrying of heavy and unnecessary stocks would, to a large extent, be eliminated and general efficiency increased. Naturally, this would necessitate an effective and binding agreement between all parties.

"Standard cost accounting could be introduced into every mill, factory and warehouse, and a binding agreement not to sell below cost price would have a decided stabilizing effect on our trade, and would assure buyers that they were getting the lowest price, or best value. These buyers, with confidence restored, would, in turn, in my belief, revert to the old system of seasonal buying, whereby manufacturers and merchants would be producing goods to order, rather than making for stock with its great uncertainties.

"Internal price cutting would lose much of its terror to those quoting for contracts—and for group buyers—from the knowledge that all costs were on the same basis under the proposed agreement.

"Waste in distribution is largely caused by so many small units or firms in our trade, each supporting salesmen, paying travelling expenses, and, perhaps, carrying stocks for a small turnover where probably half or quarter of the expense might be eliminated with as good or better results. I think the logical conclusion here is that some form of co-operative selling should be seriously considered, and obviously this would improve the present difficult situation."

POSITION AVAILABLE

The Civil Service Commission, Ottawa, is advertising for a departmental accountant, Grade 2, male, for the House of Commons, at an initial salary of \$2,200, which will be increased upon recommendation for efficient service, at the rate of \$120 per annum until a maximum of \$2,700 has been reached. Applicants have to pass an examination. Details may be had from the Commission.

NEW MEMBERS

The following are new members of the Society:

Toronto

Davis, Wm. A., (in place of J. A. Parkhill, who has left the company)
Canadian Wm. A. Rogers, Ltd., Toronto.
Blum, William, Rogers-Majestic Corp., Ltd., Toronto.

Montreal

Broomer, A., Robt. Mitchell Co., Ltd., Montreal.
Patterson, R., Robt. Mitchell Co., Ltd., Montreal.
Black, J. M., National Bronze Co., St. Laurent, Que.

DOMINION INCOME TAX RULINGS

DOMINION INCOME TAX RULINGS

THE following rulings are issued by the Commissioner of Income Tax, Ottawa:—

Re stock dividends paid in shares without nominal or par value.—The question as to the value, for taxation purposes, to be placed upon shares of stock without nominal or par value issued as a stock dividend having been raised, you are advised as follows: The value of each share for taxation purposes shall be the amount of surplus capitalized divided by the number of shares of no par value stock issued.

Provincial Gasoline Tax.—The above tax is merely regarded by the Department as increasing the cost of gasoline and is, therefore, an allowable expense in all cases where the cost of maintaining and operating motor vehicles is admitted as a deduction in ascertaining taxable income.

THE TREND OF PRODUCTION COSTS

CHANGES in commodity prices continue slight, in most lines at least. The Dominion Government index was 95.8 at the end of November, and 96.2 at the end of December; this means 96.2 per cent. of the 1926 average. Two hundred and four commodities are covered by the index. The main groups are as follows:

	Dec. 1928	Nov. 1929	Dec. 1929
Food, beverages and tobacco	97.4	102.3	103.3
Other consumers' goods	97.1	92.6	92.5
All consumers' goods	94.5	95.1	95.4
Producers' equipment	94.5	94.6	96.3
Producers' materials, for building	98.1	98.5	98.0
Producers' materials, for manufacturing.....	92.3	94.9	95.7
All producers' materials	93.3	95.6	96.1
All producers' goods	93.4	95.5	96.1
All commodities	94.6	95.8	96.2

The chief price advances in December were in the following: fresh fruits (foreign and domestic), fishery products, livestock, milk and its products, eggs, and tin. The following commodities showed declines of importance: dried fruits, hides and skins, unmanufactured leather, raw wool, silver, and glass and its products.

There were seven strikes and lockouts in existence in Canada in December, compared with eight in November. Five disputes had been carried over from November into December, and two new ones commenced during the month, but all were terminated, so that none remained at the end of the month.

COST LITERATURE

RECEIVED IN JANUARY

COSTING Public Accounting Engagements. C. William Wittman. The Journal of Accountancy, January.

Accounting for Granite Quarries. Francis C. Derby. The Journal of Accountancy, January.

Standard Costing. Donald L. Moran, F.C.W.A. The Cost Accountant, December.

Cost Accounting. F. W. Armstrong, A.C.W.A. The Cost Accountant, December.

Creamery Accounting. W. H. Hamilton, C.A. The Canadian Chartered Accountant, January.

Depreciation and Redemption Funds. Thomas E. Naughten, A.S.A.A. The Accountants' Journal, January.

Machine Replacement Versus Capital Depletion. N. P. Lloyd. Society of Industrial Engineers, November.

How the Industrial Engineer Can Tackle the Distribution Problem. Stanley P. Farwell. Society of Industrial Engineers, November.

Depreciation, with Special Reference to the Differences in the Points of View of Accountants and Appraisers. F. M. Breslin. Society of Industrial Engineers, November.

Commercial Standards. R. L. Lockwood. Society of Industrial Engineers, December.

Standard Costs in the Illuminating and Industrial Glass Industry. G. A. Rothrauff. National Association of Cost Accountants, January 1.

Rebuilding Antiquated Cost Systems. Henry R. Boston. National Association of Cost Accountants, January 15.

Punched Hole Accounting. Robert D. Pettit. National Association of Cost Accountants, January 15.

Production Control, Time Study and Estimating, and Their Relation to Cost Accounting. Wm. F. Burke. National Association of Cost Accountants, January 1.

The New Era for the Cost Accountant. Francis Burns. National Association of Cost Accountants, January 15.

